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SUBJECT: HONDURAS: U.S. PRODUCER SAYS BANANA TALKS WITH EU  
"VERY MUCH ON TRACK"

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1. (SBU) On April 1, EconChief spoke with Gerry Brunelle, Country Manager for U.S. firm Dole (a large banana producer in Honduras) about the ongoing negotiations with the EU over banana tariffs. The EU is seeking tariffs as high as 230 Euros, while Latin producers, including Honduras, continue to press for 75 Euros. Current talks seek to name arbitrators to the dispute, following the failure of earlier multi-party talks to reach consensus on the tariff. He said, "Contrary to press reports, the talks with the Europeans are very much on track." Describing the March 31 talks, he praised the "consistency of the Latin positions," noting that the six major banana exporters of Latin America had stayed within the parameters previously agreed upon at recent meetings in Colombia. Following the March 31 presentations, he said, the parties have 10 days to agree upon arbiters to the dispute. If they fail to do so, the World Trade Organization (WTO) then has five days to appoint the arbiters itself.

2. (SBU) The Europeans, he said, are putting a lot of pressure on the system "to work as designed but as fast as possible." In his view, the EU is seeking to minimize the inter-arbitration period in the hopes of resolving this issue before the upcoming WTO Doha Development Round meetings, to take place in Hong Kong later this year. He said the EU has, therefore, made it clear that it will not accept any gradualist approaches. (Note: This position would appear to have the beneficial effect of further fortifying Latin solidarity by rejecting, at the start, gradualist approaches such as those floated by Ecuador in Colombia but rejected at that meeting by most other producers. End Note.)

3. (SBU) In summing up events as they stand, he said he sees "a much better picture than two months ago." While he declined to speculate on the outcome of the current discussions or the likely decision of the arbiters (once appointed), he was clear that his company wants to see the process continue to move ahead briskly. Comment: Post will continue to monitor this issue as it develops and will report private sector and GOH views as events warrant. End Comment.

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